

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 COME-00 EB-08 INR-10 LAB-04  
NSAE-00 SIL-01 DODE-00 PM-05 H-01 L-03 NSC-05  
PA-01 SP-02 SS-15 ICA-11 /079 W  
-----107936 290740Z /10

R 281919Z APR 78  
FM AMEMBASSY BONN  
TO SECSTATE WASHDC 8176  
INFO AMCONSUL BREMEN  
AMCONSUL DUSSELDORF  
AMCONSUL FRANKFURT  
AMCONSUL HAMBURG  
AMCONSUL MUNICH  
AMCONSUL STUTTGART  
USMISSION USBERLIN  
AMEMBASSY BRUSSELS  
AMEMBASSY LUXEMBOURG  
AMEMBASSY THE HAGUE  
AMEMBASSY LONDON  
AMEMBASSY PARIS  
AMEMBASSY ROME  
AMEMBASSY COPENHAGEN  
AMEMBASSY DUBLIN

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USEEC ALSO FOR EMBASSY

E.O. 11652: N/A  
TAGS: ELAB, GW  
SUBJECT: 1978 WAGE ROUND VIRTUALLY COMPLETED

REF: (A) BONN 6978; (B) BONN 6181; (C) BONN 2766

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SUMMARY: THE 1978 WAGE ROUND HAS BEEN VIRTUALLY COMPLETED AFTER SETTLEMENTS WERE REACHED IN METAL MANUFACTURING, GOVERNMENT ADMINISTRATION AND PUBLIC UTILITIES, CHEMICALS, PRINTING, AND PRIVATE BANKING. NEGOTIATIONS ARE CONTINUING IN OTHER SECTORS SUCH AS CONSTRUCTION, RETAIL TRADE, TEXTILE AND CLOTHING, WHERE THE 5 PERCENT WAGE HIKE PATTERN ESTABLISHED IN

METAL MANUFACTURING IS CERTAIN TO INFLUENCE THE RESULTS WHILE ALLOWING FOR MARGINAL VARIATIONS TO MEET SPECIFIC REQUIREMENTS IN THESE INDUSTRIES. ALL CONTRACTS CONCLUDED WERE FOR ONE YEAR. END SUMMARY.

1. A MARGINAL DISPUTE OUTSIDE THE REGULAR BARGAINING ROUND IN METAL MANUFACTURING DEVELOPED IN THE VOLKSWAGEN COMPANY WHICH IS NOT COVERED BY ONE OF THE REGIONAL INDUSTRY-WIDE AGREEMENTS WHICH APPLY TO THE OTHER AUTOMOBILE PRODUCERS. VOLKSWAGEN WORKERS REFUSED TO ACCEPT THE 5 PERCENT MODEL WHICH HAD BEEN NEGOTIATED IN THE OTHER METAL INDUSTRY BARGAINING AREAS (REF B). WHEN THE WORKERS EXPRESSED THEIR DISSATISFACTION WITH PROTESTS AND WORK STOPPAGES AND WHEN THE VOLKSWAGEN MANAGEMENT REFUSED TO GO BEYOND A 5 PERCENT WAGE INCREASE, THE METALWORKERS UNION LEADERSHIP APPROVED A STRIKE VOTE. EIGHTYEIGHT PERCENT OF THE ORGANIZED VOLKSWAGEN WORKERS VOTED TO STRIKE. UNDER THE THREAT OF A STRIKE, WAGE NEGOTIATIONS WERE REOPENED AND MANAGEMENT EVENTUALLY AGREED TO A 5.9 PERCENT PAY INCREASE RETROACTIVE TO FEBRUARY 1.

2. THE VOLKSWAGEN SETTLEMENT WAS SLIGHTLY EMBARRASSING TO THE METALWORKERS LEADERSHIP SINCE IT LOOKED CONSIDERABLY MORE FAVORABLE THAN THE 5 PERCENT HIKE WHICH THE REGIONAL COLLECTIVE BARGAINING COMMISSIONS HAD

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GRUDGINGLY AGREED IN THE OTHER METAL BARGAINING AREAS (REF A). UNION LEADERS ATTEMPTED TO EXPLAIN AWAY THE DIFFERENCE BY CALCULATING THE 5 PERCENT PLUS LUMPSUM PAYMENTS RECEIVED IN BADEN-WUERTTEMBERG, NORTH RHINE-WESTPHALIA AND OTHER AREAS (REF A) TO BE WORTH BETWEEN 5.5 AND 5.6 PERCENT WHEN DISTRIBUTED OVER THE WHOLE YEAR. IN ADDITION, IT WAS POINTED OUT THAT VOLKSWAGEN WORKERS IN 1975, DURING THE CRISIS IN THE AUTOMOBILE INDUSTRY AND PARTICULARLY IN THE VOLKSWAGEN COMPANY, AGREED TO ONE PERCENT LESS THAN THE RATE NEGOTIATED IN THE METAL MANUFACTURING INDUSTRY.

3. IN THE CHEMICAL INDUSTRY, HEADQUARTERS REPRESENTATIVES OF THE CHEMICAL WORKERS UNION AND THE CHEMICAL EMPLOYERS' FEDERATION CAME TO A COMPARATIVELY QUICK SETTLEMENT IN NATION-WIDE NEGOTIATIONS WHICH DEVIATED FROM THE TRADITIONAL PRACTICE OF REGIONAL COLLECTIVE BARGAINING. THE NEW AGREEMENT, EFFECTIVE APRIL 1 IN NORTH RHINE, RHINELAND-PALATINATE AND HESSE; MAY 1 IN NORTHERN GERMANY, BERLIN, WESTPHALIA, BADEN-WUERTTEMBERG; AND JUNE 1 IN BAVARIA AND SAARLAND, AND VALID FOR ONE YEAR, PROVIDES

- A) A 4.3 PERCENT INCREASE IN WAGES AND SALARIES;
- B) A TWO DAY INCREASE IN ANNUAL LEAVE PLUS AN ADDITIONAL LEAVE ALLOWANCE OF DM 46;
- C) A 4.3 PERCENT INCREASE IN APPRENTICES' COMPENSATION;
- D) AN AMENDMENT TO THE PROVISIONS ON SUPPLEMENTARY

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USEEC AND EMBASS

UNEMPLOYMENT BENEFITS GIVING UNEMPLOYED CHEMICAL  
WORKERS A 15 PERCENT SUPPLEMENT IN ADDITION TO THE  
REGULAR UNEMPLOYMENT COMPENSATION IF THEY HAVE BEEN  
EMPLOYED IN THE CHEMICAL INDUSTRY FOR AT LEAST SIX

YEARS (INSTEAD OF 8 YEARS UNDER PREVIOUS PROVISIONS).

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THE VALUE OF THE PACKAGE IS ESTIMATED AT 5.3 PERCENT.

4. IN THE PRINTING INDUSTRY, THE WAGE SETTLEMENT CAME SURPRISINGLY FAST AND WITHOUT ANY DIFFICULTY. IT PROVIDES FOR A 5 PERCENT PAY INCREASE, RETROACTIVE TO APRIL 1. IN PRIVATE BANKING, WHERE WAGE NEGOTIATIONS HAD BEEN POSTPONED AWAITING THE SETTLEMENT IN METAL MANUFACTURING AND IN THE PUBLIC SERVICES, THE DGB COMMERCE, BANKING AND INSURANCE WORKERS UNION (HBV) AND THE INDEPENDENT GERMAN SALARIED EMPLOYEES UNION (DAG) CONCLUDED A NATION-WIDE AGREEMENT PROVIDING FOR A 5 PERCENT PAY INCREASE, RETROACTIVE TO MARCH 1.

5. IN THE CONSTRUCTION INDUSTRY WHERE OVER ONE MILLION BLUE COLLAR WORKERS AND SALARIED EMPLOYEES ARE AFFEC-TED, THE DGB CONSTRUCTION WORKERS UNION FORMALLY HAS DECLARED THE FAILURE OF NEGOTIATIONS FOLLOWING THE EMPLOYERS' REFUSAL TO GO BEYOND A 5 PERCENT PAY INCREASE PLUS IMPROVEMENTS IN THE WAGE STRUCTURE ESTIMATED TO BE WORTH ANOTHER 1.5 PERCENT. THE UNION IS DEMANDING A 7.7 PERCENT PAY BOOST AND A DOUBLING OF THE YEAR-END BONUS EQUAL TO 72 HOURS' PAY. THE DISPUTE IS SCHEDULED TO GO TO CONCILIATION.

6. THE WAGE DISPUTE IN THE FEDERAL RAILWAYS (BUNDES-BAHN), WHERE MANAGEMENT REFUSED TO ADOPT THE PUBLIC SERVICES SETTLEMENT (REF B), IS STILL IN CONCILIATION.

7. AN OPEN CONFLICT HAS DEVELOPED IN THE BADEN-WUERTTEMBERG RETAIL TRADES AFFECTING PARTICULARLY LARGER DEPARTMENT STORES. SALES PERSONNEL WALKED OUT ON BRIEF WARNING STOPPAGES MARKING THE FIRST TIME THAT THE UNION HAS BEEN ABLE TO MOBILIZE SALES PERSONNEL FOR LIMITED OFFICIAL USE

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DIRECT STRIKE ACTION. THE EMPLOYERS REFUSED TO OFFER MORE THAN A 4.5 PERCENT PAY INCREASE. THE UNION WOULD APPARENTLY BE SATISFIED TO SETTLE FOR A 5 PERCENT HIKE. END UNCLASSIFIED.

8. COMMENT: THE SHARP ATTACKS WHICH MARKED THE OPEN-

ING AND THE MILITANCY OF THE 1978 WAGE ROUND AND THE STRIKES AND LOCKOUTS CONTRAST WITH THE COMPARATIVELY MODERATE SETTLEMENTS. THE RESULTS ARE AT THE MARGIN OF REALISTIC UNION EXPECTATIONS (NOT DEMANDS) AND JUST AT THE CEILING OF WHAT THE GOVERNMENT HAD CALCULATED WHEN PREPARING ITS ANNUAL ECONOMIC REPORT (REF C). BOTH UNIONS AND EMPLOYERS MAY HAVE MISJUDGED EACH OTHER THIS TIME AROUND. THE UNIONS MAY NOT HAVE APPRECIATED THE DETERMINATION OF EMPLOYERS TO STAND FAST IN THE FACE OF DISMAL ECONOMIC PROJECTIONS AND NOT BE WHIP-SAWED INTO CONCESSIONS THAT WOULD JEOPARDIZE FRAGILE COST/PROFIT BALANCES. THE EMPLOYERS FOR THEIR PART MAY HAVE MISREAD THE DETERMINATION OF MILITANT MEMBERS AND YOUNGER, AGGRESSIVE UNION LEADERS TO FORCE THROUGH COSTLY WORK STOPPAGES AGAINST THE WISHES OF MORE CONSERVATIVE UNION LEADERS. IN THE METALWORKERS NEGOTIATION ACCORDING TO A UNION SOURCE, THE CENTRAL

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USEEC AND EMBASSY

UNION LEADERSHIP HAD NO INTENTION OF INJECTING JOB SECURITY DEMANDS INTO THE BARGAINING. THE UNION LEADERSHIP VIEW WAS THAT THE MEMBERS WERE NOT SUFFICIENTLY CONVINCED OF THE JOB LOSS THREAT TO SUPPORT JOB SECURITY AS A TRADE-OFF TO HIGHER WAGES. THE REGIONAL METALWORKERS LEADER IN BADEN-WUERTTEMBERG,NEVERTHELESS, MADE JOB SECURITY A KEY PART OF THE NEGOTIATIONS IN

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HIS AREA. THE RESULT WAS A COSTLY STRIKE OF DM 80 MILLION, WHICH THE UNION ADMITS TO, BUT WHICH PROBABLY COST CLOSER TO DM 120 MILLION ACCORDING TO OTHER KNOWLEDGEABLE OBSERVERS. A NUMBER OF METALWORKERS LEADERS THINK THAT THE PRICE WAS TOO HIGH TO PAY AND GRUMBLING CONTINUES AMONG THE MEMBERSHIP ABOUT THE LEVEL OF THE WAGE INCREASE.

FURTHER, DISSATISFACTION WITH THE STRIKE STRATEGY OF THE PRINTERS IN THE RECENT DISPUTE OVER JOB SECURITY HAS BEEN EXPRESSED BY OTHER UNION LEADERS DESPITE A PUBLIC DISPLAY OF SOLIDARITY. THAT STRATEGY WAS ENGINEERED BY A YOUNGER, MORE MILITANT SEGMENT OF THE PRINTERS UNION LEADERSHIP. ALL OF THIS HAS OCCURRED AT A TIME WHEN THE STRUCTURED CHANNELS OF COMMUNICATION AMONG THE TOP LEVELS OF GOVERNMENT, UNIONS AND EMPLOYERS ARE STRAINED. NO MULTILATERAL DISCUSSIONS HAVE TAKEN PLACE AT TOP LEVELS SINCE THE UNIONS LEFT THE "CONCERTED ACTION" DISCUSSIONS LAST SUMMER. THE GOVERNMENT PUBLICLY FOLLOWED A NON-INTERVENTION POLICY, BUT ITS SYMPATHIES WERE DIVIDED. THE SPD SYMPATHIES WERE GENERALLY WITH THE UNIONS WHILE THE FDP FRACTION SUPPORTED MANAGEMENT.

THE CLIMATE OF COLLECTIVE BARGAINING WHICH HAS CHARACTERIZED INDUSTRIAL RELATIONS IN THE FRG FOR THE LAST TWO WEEKS SEEMS TO BE CHANGING. SLOW GROWTH AND CONTINUING UNEMPLOYMENT CONTRIBUTED TO THE INTRODUCTION OF SOME DISPARATE ELEMENTS INTO THE BARGAINING PROCESS DURING THE 1978 WAGE ROUND THAT WILL BEAR WATCHING IN THE FUTURE.

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## Message Attributes

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**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 28 apr 1978  
**Decaption Date:** 01 jan 1960  
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**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
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